

Act No. 55  
 Public Acts of 2019  
 APPROVED BY GOVERNOR  
 September 29, 2019  
 FILED WITH SECRETARY OF STATE  
 September 30, 2019

**STATE OF MICHIGAN  
 100TH LEGISLATURE  
 REGULAR SESSION OF 2019**

Introduced by Senator Nesbitt

# ENROLLED SENATE BILL No. 141

AN ACT to make appropriations for the department of insurance and financial services for the fiscal year ending September 30, 2020; and to provide for the expenditure of the appropriations.

*The People of the State of Michigan enact:*

PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. There is appropriated for the department of insurance and financial services for the fiscal year ending September 30, 2020, from the following funds:

**DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES**

**APPROPRIATION SUMMARY**

|  |       |           |                   |
|--|-------|-----------|-------------------|
| Full-time equated unclassified positions .....                       | 6.0   |           |                   |
| Full-time equated classified positions .....                         | 346.5 |           |                   |
| <b>GROSS APPROPRIATION .....</b>                                     |       | <b>\$</b> | <b>68,889,800</b> |
| Interdepartmental grant revenues:                                    |       |           |                   |
| Total interdepartmental grants and intradepartmental transfers ..... |       |           | 723,100           |
| <b>ADJUSTED GROSS APPROPRIATION .....</b>                            |       | <b>\$</b> | <b>68,166,700</b> |
| Federal revenues:  |       |           |                   |
| Total federal revenues .....   |       |           | 1,017,600         |
| Special revenue funds:   |       |           |                   |
| Total other state restricted revenues .....                          |       |           | 66,999,100        |
| State general fund/general purpose .....                             |       | <b>\$</b> | <b>150,000</b>    |

**Sec. 102. DEPARTMENTAL ADMINISTRATION AND SUPPORT**

|  |      |           |                |
|--|------|-----------|----------------|
| Full-time equated unclassified positions ..... | 6.0  |           |                |
| Full-time equated classified positions .....   | 22.5 |           |                |
| Unclassified salaries—6.0 FTE positions .....  |      | <b>\$</b> | <b>816,200</b> |
| Administrative hearings .....                  |      |           | 182,500        |

|  | For Fiscal Year<br>Ending Sept. 30,<br>2020 |
|--|---|
| Department services—19.0 FTE positions .....                     | \$ 3,823,300                                |
| Executive director programs—3.5 FTE positions.....               | 1,091,900                                   |
| Property management .....  | 1,283,500                                   |
| Worker's compensation .....                                      | 2,900                                       |
| GROSS APPROPRIATION .....  | \$ 7,200,300                                |
| Appropriated from:   |   |
| Special revenue funds:   |   |
| Bank fees.....   | 523,600                                     |
| Captive insurance regulatory and supervision fund .....          | 3,000                                       |
| Consumer finance fees .....                                      | 207,700                                     |
| Credit union fees.....   | 877,100                                     |
| Deferred presentment service transaction fees.....               | 279,000                                     |
| Insurance bureau fund.....                                       | 2,487,900                                   |
| Insurance continuing education fees .....                        | 65,700                                      |
| Insurance licensing and regulation fees .....                    | 1,934,700                                   |
| MBLSLA fund.....   | 670,300                                     |
| Multiple employer welfare arrangement.....                       | 1,300                                       |
| State general fund/general purpose .....                         | \$ 150,000                                  |
| <br><b>Sec. 103. INSURANCE AND FINANCIAL SERVICES REGULATION</b> |   |
| Full-time equated classified positions.....                      | 324.0                                       |
| Consumer services and protection—70.0 FTE positions.....         | \$ 9,402,600                                |
| Financial institutions evaluation—133.0 FTE positions.....       | 24,993,600                                  |
| Insurance evaluation—121.0 FTE positions .....                   | 25,017,300                                  |
| GROSS APPROPRIATION .....  | \$ 59,413,500                               |
| Appropriated from:   |   |
| Interdepartmental grant revenues:                                |   |
| IDG - LARA, for debt management.....                             | 723,100                                     |
| Federal revenues:  |   |
| Federal revenues .....   | 1,017,600                                   |
| Special revenue funds:   |   |
| Bank fees.....   | 5,811,100                                   |
| Captive insurance regulatory and supervision fund .....          | 491,200                                     |
| Consumer finance fees .....                                      | 2,870,200                                   |
| Credit union fees.....   | 8,986,000                                   |
| Deferred presentment service transaction fees.....               | 2,432,900                                   |
| Insurance bureau fund.....                                       | 21,290,100                                  |
| Insurance continuing education fees .....                        | 863,700                                     |
| Insurance licensing and regulation fees .....                    | 7,958,500                                   |
| MBLSLA fund.....   | 6,481,900                                   |
| Multiple employer welfare arrangement.....                       | 487,200                                     |
| State general fund/general purpose .....                         | \$ 0  |
| <br><b>Sec. 104. INFORMATION TECHNOLOGY</b>                      |   |
| Information technology services and projects.....                | \$ 2,276,000                                |
| GROSS APPROPRIATION .....  | \$ 2,276,000                                |
| Appropriated from:   |   |
| Special revenue funds:   |   |
| Bank fees.....   | 227,900                                     |
| Consumer finance fees .....                                      | 94,000                                      |
| Credit union fees.....   | 373,100                                     |
| Deferred presentment service transaction fees.....               | 114,500                                     |
| Insurance bureau fund.....                                       | 445,400                                     |
| Insurance continuing education fees .....                        | 23,000                                      |
| Insurance licensing and regulation fees .....                    | 735,400                                     |
| MBLSLA fund.....   | 262,700                                     |
| State general fund/general purpose .....                         | \$ 0  |

PART 2

PROVISIONS CONCERNING APPROPRIATIONS  
FOR FISCAL YEAR 2019-2020

GENERAL SECTIONS

Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state sources under part 1 for fiscal year 2019-2020 is \$67,149,100.00 and state spending from state sources to be paid to local units of government for fiscal year 2019-2020 is \$0.

Sec. 202. The appropriations authorized under this part and part 1 are subject to the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.

Sec. 203. As used in this part and part 1:

- (a) "Department" means the department of insurance and financial services.
- (b) "Director" means the director of the department.
- (c) "FTE" means full-time equated.
- (d) "IDG" means interdepartmental grant.
- (e) "LARA" means the department of licensing and regulatory affairs.
- (f) "MBLSLA fund" means the restricted account established under section 8 of the mortgage brokers, lenders, and servicers licensing act, 1987 PA 173, MCL 445.1658.
- (g) "Subcommittees" means the subcommittees of the house of representatives and senate appropriations committees with jurisdiction over the budget for the department.

Sec. 204. The department and agencies receiving appropriations in this part and part 1 shall use the internet to fulfill the reporting requirements of this part. This requirement may include transmission of reports via electronic mail to the recipients identified for each reporting requirement, or it may include placement of reports on an internet or intranet site.

Sec. 205. Funds appropriated in this part and part 1 must not be used for the purchase of foreign goods or services, or both, if competitively priced and of comparable quality American goods or services, or both, are available. Preference must be given to goods or services, or both, manufactured or provided by Michigan businesses, if they are competitively priced and of comparable quality. In addition, preference must be given to goods or services, or both, that are manufactured or provided by Michigan businesses owned and operated by veterans, if they are competitively priced and of comparable quality.

Sec. 206. The director shall take all reasonable steps to ensure businesses in deprived and depressed communities compete for and perform contracts to provide services or supplies, or both. The director shall strongly encourage firms with which the department contracts to subcontract with certified businesses in depressed and deprived communities for services, supplies, or both.

Sec. 207. (1) Out-of-state travel must be limited to situations where the travel is approved by a departmental employee's immediate supervisor and in which 1 or more of the following conditions apply:

- (a) The travel is required by legal mandate or court order or for law enforcement purposes.
- (b) The travel is necessary to protect the health or safety of Michigan citizens or visitors or to assist other states in similar circumstances.
- (c) The travel is necessary to produce budgetary savings or to increase state revenues, including protecting existing federal funds or securing additional federal funds.
- (d) The travel is necessary to comply with federal requirements.
- (e) The travel is necessary to secure specialized training for staff that is not available within this state.
- (f) The travel is financed entirely by federal or nonstate funds.

(2) The department shall not approve the travel of more than 1 departmental employee to a specific professional development conference or training seminar that is located outside of this state unless a professional development conference or training seminar is funded by a federal or private funding source and requires more than 1 individual from the department to attend, or the conference or training seminar includes multiple issues in which 1 employee from the department does not have expertise.

(3) Not later than January 1, the department shall prepare a travel report listing all travel by classified and unclassified employees outside this state in the immediately preceding fiscal year that was funded in whole or in part with funds appropriated in the department's budget. The department shall submit the report to the senate and house of representatives standing committees on appropriations, the senate and house fiscal agencies, and the state budget director. The report must include all of the following information:

(a) The name of each person receiving reimbursement for travel outside this state or whose travel costs were paid by this state.

(b) The destination of each travel occurrence.

(c) The dates of each travel occurrence.

(d) A brief statement of the reason for each travel occurrence.

(e) The transportation and related costs of each travel occurrence, including the proportion funded with state general fund/general purpose revenues, the proportion funded with state restricted revenues, the proportion funded with federal revenues, and the proportion funded with other revenues.

(f) A total of all out-of-state travel funded for the immediately preceding fiscal year.

Sec. 208. Funds appropriated in this part and part 1 must not be used by a principal executive department, state agency, or authority to hire a person to provide legal services that are the responsibility of the attorney general. This prohibition does not apply to legal services for bonding activities and for those outside services that the attorney general authorizes.

Sec. 209. Not later than November 30, the state budget office shall prepare and transmit a report that provides for estimates of the total general fund/general purpose appropriation lapses at the close of the prior fiscal year. This report must summarize the projected year-end general fund/general purpose appropriation lapses by major departmental program or program areas. The state budget office shall transmit the report to the chairpersons of the senate and house of representatives appropriations committees and the senate and house fiscal agencies.

Sec. 210. (1) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$200,000.00 for federal contingency funds. These funds are not available for expenditure until they have been transferred to another line item in part 1 under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

(2) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$1,000,000.00 for state restricted contingency funds. These funds are not available for expenditure until they have been transferred to another line item in part 1 under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

Sec. 211. The department shall cooperate with the department of technology, management, and budget to maintain a searchable website accessible by the public at no cost that includes, but is not limited to, all of the following for the department or each agency:

(a) Fiscal-year-to-date expenditures by category.

(b) Fiscal-year-to-date expenditures by appropriation unit.

(c) Fiscal-year-to-date payments to a selected vendor, including the vendor name, payment date, payment amount, and payment description.

(d) The number of active department employees by job classification.

(e) Job specifications and wage rates.

Sec. 212. Within 14 days after the release of the executive budget recommendation, the department shall cooperate with the state budget office to provide the senate and house of representatives appropriations committee chairs, the senate and house appropriations subcommittees chairs, and the senate and house fiscal agencies with an annual report on estimated state restricted fund balances, state restricted fund projected revenues, and state restricted fund expenditures for the fiscal years ending September 30, 2019 and September 30, 2020.

Sec. 213. The department shall maintain, on a publicly accessible website, a department scorecard that identifies, tracks, and regularly updates key metrics that are used to monitor and improve the department's performance.

Sec. 214. Total authorized appropriations from all sources under part 1 for legacy costs for the fiscal year ending September 30, 2020 are estimated at \$9,068,100.00. From this amount, total agency appropriations for pension-related legacy costs are estimated at \$4,408,200.00. Total agency appropriations for retiree health care legacy costs are estimated at \$4,659,900.00.

Sec. 215. Unless prohibited by law, the department may accept credit card or other electronic means of payment for licenses, fees, or permits.

Sec. 216. The department shall not take disciplinary action against an employee for communicating with a member of the legislature or his or her staff.

Sec. 217. The department shall not use any of the funds appropriated in this part or part 1 to contract with a third-party vendor to develop or produce a television or radio production.

Sec. 218. The department, in conjunction with the department of health and human services, shall maintain an accounting structure within this state's accounting system that will allow expenditures associated with the administration of the Healthy Michigan plan to be identified.

Sec. 219. The amount appropriated from the general fund in part 1 for executive director programs may only be expended to comply with reporting requirements regarding the Healthy Michigan plan under section 105d(9) of the social welfare act, 1939 PA 280, MCL 400.105d.

Sec. 220. From the funds appropriated in part 1 from the insurance bureau fund, funds may be expended to support legislative participation in insurance activities coordinated by insurance and legislative associations, in accordance with section 225 of the insurance code of 1956, 1956 PA 218, MCL 500.225.

#### INSURANCE AND FINANCIAL SERVICES REGULATION

Sec. 301. The department shall provide a report to the subcommittees, the senate and house fiscal agencies, and the state budget director by September 30 based on the annual rate filings from health insurance issuers that includes all of the following:

- (a) The number that are approved by the department.
- (b) The number that are denied by the department.
- (c) The percentage of rate filings processed within the applicable statutory time frames.
- (d) The average number of calendar days to process rate filings.

Sec. 302. In addition to the funds appropriated in part 1, the funds collected by the department in connection with a conservatorship under section 32 of the mortgage brokers, lenders, and servicers licensing act, 1987 PA 173, MCL 445.1682, and funds collected by the department from corporations being liquidated under the insurance code of 1956, 1956 PA 218, MCL 500.100 to 500.8302, must be appropriated for all expenses necessary to provide for the required services. Funds are available for expenditure when they are received by the department of treasury and must not lapse to the general fund at the end of the fiscal year.

Sec. 303. The department may make available to interested entities customized listings of nonconfidential information in its possession. The department may establish and collect a reasonable charge to provide this service. The revenue from this service is appropriated when received and must be used to offset expenses to provide the service. Any balance of this revenue collected and unexpended at the end of the fiscal year must lapse to the appropriate restricted fund.

*Sh* Sec. 304. ~~From the funds appropriated in part 1, the department shall conduct a study to determine the feasibility of an auto insurance marketplace including, but not limited to, the ability to allow consumers to compare insurance rates, discounts, and features from different insurance producers.~~

*Sh* Sec. 305. ~~The department shall provide a report to the subcommittees, the senate and house fiscal agencies, and the state budget director by September 30 providing a total calculation of cost savings that the anti fraud unit within the department has achieved for this state and consumers throughout the fiscal year. If the necessary data is available, the report must include an itemized listing and description of cost savings that the anti fraud unit has achieved. Any itemization must also state which of the following industries the applicable savings were achieved in:~~

- Sh* (a) ~~Financial services.~~
- Sh* (b) ~~Auto insurance.~~
- Sh* (c) ~~Health insurance.~~
- Sh* (d) ~~Life insurance.~~
- Sh* (e) ~~Any other category of insurance.~~

Sec. 306. The department must produce a report and transmit the report to the subcommittees, senate and house fiscal agencies, and state budget director by December 31. The report must include all of the following information for the prior fiscal year:

(a) The number of complaints received by the office of consumer services, with number of complaints specified for auto insurers, health insurers, life insurers, other types of insurers, banks, credit unions, deferred presentment service providers, mortgage loan originators, and other consumer finance license types.

(b) A description of the process that the office of consumer services uses to resolve complaints.

(c) A description of the types of complaints received by the office of consumer services pertaining to auto insurers, with counts of the number of complaints of that type received.

(d) The number of investigations that the office of consumer services initiated and the number of investigations that the office closed.

(e) The number of recoveries that the office of consumer services secured and the total value of those recoveries.

(f) The number and type of enforcement actions taken against licensees as a result of complaints received by the office of consumer services.

(g) A description of the staffing level and staff responsibilities in the office of consumer services.

*OK*  
~~Sec. 307. Not later than January 1, 2020, from the funds appropriated in part 1, the department shall draft and issue an examination manual and letter of guidance to state-chartered financial institutions that choose to provide banking or other financial services to marijuana-related businesses or that otherwise handle funds pertaining to the transport, testing, growth, processing, or sale of marijuana.~~

This act is ordered to take immediate effect.

*Margaret O'Brien*  
Secretary of the Senate

*Ray R. Randall*  
Clerk of the House of Representatives

Approved *3:18 pm 9/29/19*

*Steve White*  
Governor